

**Opening Statement**  
**Chairman Michael G. Oxley**  
**Committee on Financial Services**

**Federal Deposit Insurance Reform Act of 2002**  
**April 17, 2002**

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The Committee meets today to update a piece of legislation that has served the American people well for 68 years. The federal deposit insurance system maintains public confidence and preserves stability of the nation's banking system. As Chairman Powell said in a recent speech at the University of North Carolina Banking Law Center:

"The federal deposit insurance system has been a resoundingly successful federal program. During the crisis of the 1980s and early 1990s, the FDIC and RTC resolved 2,363 failures of insured institutions involving more than \$700 billion in assets. There were NO bank runs, NO panics, NO disruptions to financial markets and NO debilitating impact on overall economic activity. The last time we saw a banking crisis this bad was during the Great Depression. Yet, the outcomes were very different - in large part due to the presence of the FDIC and its stabilizing presence in the marketplace."

In this country we fail to appreciate what a truly remarkable accomplishment this was, and we tend to undervalue the importance of federal deposit insurance when times are good. All one has to do is look at the recent banking crisis in Argentina to understand that now, just as 68 years ago, this nation and the world need a stable, efficient and flexible system of deposit insurance. This legislation modernizes the federal deposit insurance system for the 21<sup>st</sup> Century.

Helen Boosalis, past president of the AARP, believes the FDIC is, and I quote, "precisely what a government program should be – one that not only has accomplished what it was designed to do, but has become for many a symbol of the very strength and safety of our nation." She went on to point out that "...the role of this program in protecting depositors should be preserved and strengthened." This is exactly what this legislation does. This bill is technical in nature, but seeks to apply the experiences of the last decade to today's banking marketplace.

The mission of the FDIC remains the same; however, industry expansion and new powers require that the scope and coverage of deposit insurance also evolve in order to reflect the modernized financial services industry. Federal deposit insurance continues to be a key consideration for consumers in their decisions about where they do their banking and what level of deposit risk they are willing to assume.

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The FDI Reform Act is responsive and it is responsible. Mr. Bachus's legislation provides the FDIC with the authority and supervisory tools it needs to manage the deposit insurance fund in a way that balances all these interests.

Coverage levels have been increased generally, and that is a clear benefit for individual savers and investors. This helps to preserve value for retirement accounts and municipalities.

Again, I want to thank Chairman Bachus for taking on this challenging, highly technical legislative project, and for developing a bipartisan piece of well-balanced, highly effective legislation. The U.S. has the largest, most complex, most stable banking system in the world. Deposit insurance is one of the major reasons for this stability. Today we will strengthen this system so that it continues to serve as a model for the world. Depositors, taxpayers and industry are all well-served by this fine piece of legislation and by Chairman Bachus's efforts.

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